(b) if so, what are the reasons for which 100 per cent foreign equity is allowed to units located in the Export Processing Zone when they are allowed to sell 25 per cent of their production in the local market (i.e. 75 per cent of production is exported);

(c) whether FERA provisions are applicable to the Export Processing Zone units and if not, whether the same will be made applicable in cases of those units which want to sell their products in the domestic market; and

(d) whether Coca Cola proposal for establishing a unit at the Export Processing Zone is an attempt to circumvent the provisions under the Foreign Exchange Regulation Act?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO): (a) to (d) The guidelines announced in 1973/1976 under Section 29(2)(a) of the Foreign Exchange Regulation Act, 1973 were intended to regulate the activities in India of and the levels of shareholding in companies having more than 40 per cent non-resident interest which were in existence on 1-1-1974. These guidelines were applicable essentially to units in DTA (Domestic Tariff Area). Although the issue of shares of non-residents in units located in export processing zones require permission under the Foreign Exchange Regulation Act, 1973, the extent of such foreign shareholding is not determined by reference to the criteria laid down in the aforesaid 1973/1976 guidelines. 100 per cent foreign equity is allowed to the units located in export processing Zone as a part of the EPZ Scheme to attract high tech projects and foreign investments. The permission to sell 25 per cent of the production in DTA is a facility that is accorded on a case by case basis subject to the payment of appropriate duties. The objective in granting this facility is to improve the viability of the zone units, afford them a measure of protection against the uncertainties of the export market and serve as an incentive to attract investment in the zone.

Conditions for domestic sale of products by units in export processing zones

1015. SHRI DIPEN GHOSH: Will the Minister of COMMERCE be pleased to refer the news-item which appeared in the Economic Times of 21st February, 1989 captioned "No entry for Coke" and state:

(a) whether Government will now add to the conditions for setting up 100 per cent Export Processing Zone Units, that 25 per cent domestic sales will be allowed only to those companies which have a minimum Indian equity of 60 per cent; and

(b) what other changes will be effected in the rules to ensure that such low technology, low capital intensive projects, which are aimed only at the domestic market, will not be allowed in the 100 per cent Export Processing Zones?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE (SHRI P. R. DAS MUNSHI): (a) and (b) The permission to sell upto 25 per cent of the production in DTA is a facility that is accorded on a case by case basis subject to the exclusion of certain sensitive items and to the payment of appriate duties. The objective in granting this facility is to improve the viability of the zone units, afford them a measure of protection against the uncertainties of the export marktt and serve as an incentive to attract investments in the Zones. There is no proposal to limit the facility to these companies which have a minimum Indian equity of 60 per cent. Projects are approved for establishment in the Export Processing Zones after due consideration of all aspects and subject to the imposition of approximate terms and conditions.

Use of foreign trade mark in the domestic market by Coca Cola Company

1016. SHRI DIPEN GHOSH:
SHRI SURESH KALMADI:

Will the Minister of COMMERCE be pleased to refer to the answer to Unstar-